



The President's Daily Brief

20 October 1973

45

~~Top Secret~~ 25X1

FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

20 October 1973

PRINCIPAL DEVELOPMENTS

The reinforced Israeli task force on the west bank of the canal made large gains yesterday before it met stiffening resistance late in the day. Both sides describe the fighting as intense, and Egypt has pulled some forces back from the east bank to counter the threat. Fighting was also heavy on the Syrian front yesterday, but there was no important change. The Soviet resupply effort, meanwhile, reached a new high yesterday. (Page 1)

A new rail line being built northeast of Peking will increase Chinese ability to respond to Soviet military threats. (Page 2)

Phnom Penh now seems assured of basic rice supplies until US deliveries begin in December. (Page 3)

Prince Sihanouk's prospects for securing Cambodia's seat in the UN are improving. (Page 4)

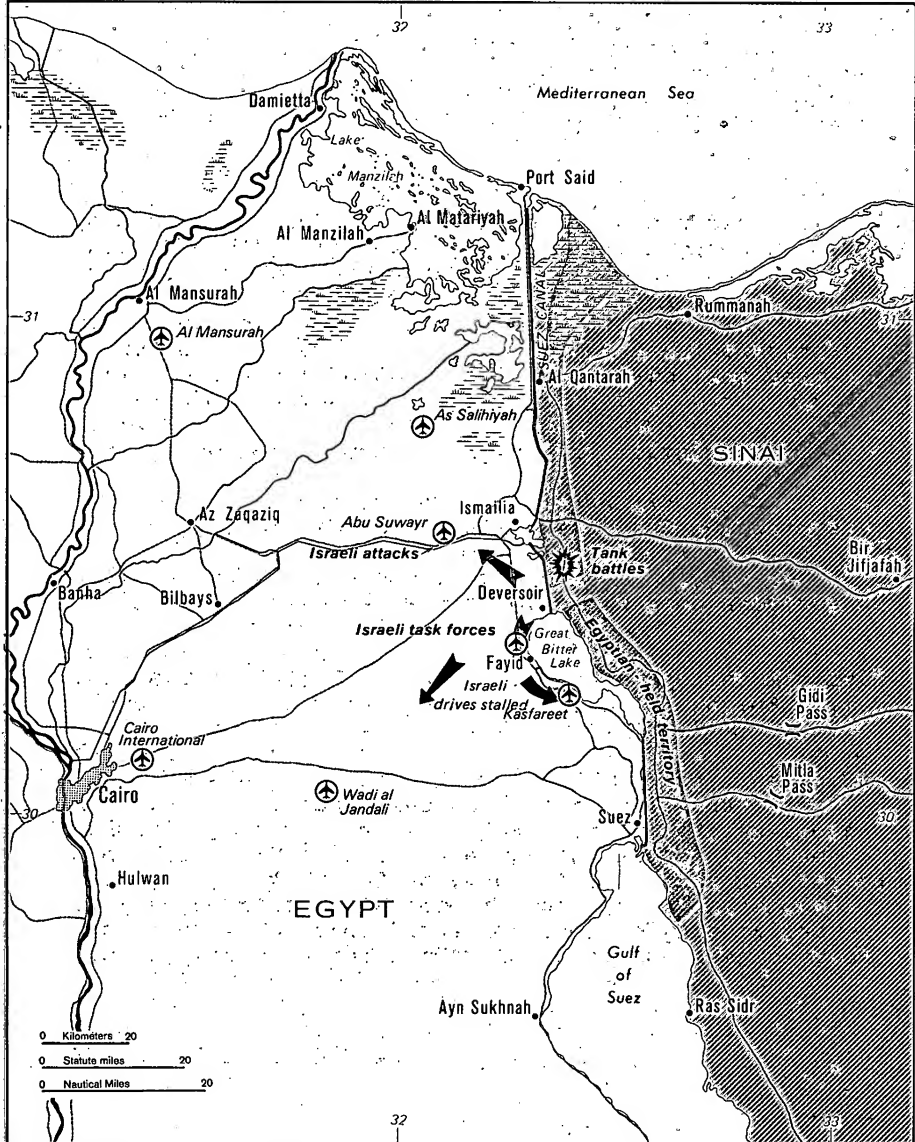
Chile's economic recovery plans are taking shape. (Page 5)

Latin American foreign ministers plan to meet next month to develop an agenda for talks with Secretary Kissinger early next year. (Page 6)

Notes on Japan's shrinking trade surplus, Chinese interest in US oil technology, and West German - Soviet contracts for uranium enrichment appear on Page 7.

FOR THE PRESIDENT ONLY

Suez Canal Zone



554754 10-73 CIA

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 100 101 102 103 104 105 106 107 108 109 110 111 112 113 114 115 116 117 118 119 120 121 122 123 124 125 126 127 128 129 130 131 132 133 134 135 136 137 138 139 140 141 142 143 144 145 146 147 148 149 150 151 152 153 154 155 156 157 158 159 160 161 162 163 164 165 166 167 168 169 170 171 172 173 174 175 176 177 178 179 180 181 182 183 184 185 186 187 188 189 190 191 192 193 194 195 196 197 198 199 200 201 202 203 204 205 206 207 208 209 210 211 212 213 214 215 216 217 218 219 220 221 222 223 224 225 226 227 228 229 230 231 232 233 234 235 236 237 238 239 240 241 242 243 244 245 246 247 248 249 250 251 252 253 254 255 256 257 258 259 260 261 262 263 264 265 266 267 268 269 270 271 272 273 274 275 276 277 278 279 280 281 282 283 284 285 286 287 288 289 290 291 292 293 294 295 296 297 298 299 300 301 302 303 304 305 306 307 308 309 310 311 312 313 314 315 316 317 318 319 320 321 322 323 324 325 326 327 328 329 330 331 332 333 334 335 336 337 338 339 340 341 342 343 344 345 346 347 348 349 350 351 352 353 354 355 356 357 358 359 360 361 362 363 364 365 366 367 368 369 370 371 372 373 374 375 376 377 378 379 380 381 382 383 384 385 386 387 388 389 390 391 392 393 394 395 396 397 398 399 400 401 402 403 404 405 406 407 408 409 410 411 412 413 414 415 416 417 418 419 420 421 422 423 424 425 426 427 428 429 430 431 432 433 434 435 436 437 438 439 440 441 442 443 444 445 446 447 448 449 450 451 452 453 454 455 456 457 458 459 460 461 462 463 464 465 466 467 468 469 470 471 472 473 474 475 476 477 478 479 480 481 482 483 484 485 486 487 488 489 490 491 492 493 494 495 496 497 498 499 500 501 502 503 504 505 506 507 508 509 510 511 512 513 514 515 516 517 518 519 520 521 522 523 524 525 526 527 528 529 530 531 532 533 534 535 536 537 538 539 540 541 542 543 544 545 546 547 548 549 550 551 552 553 554 555 556 557 558 559 560 561 562 563 564 565 566 567 568 569 570 571 572 573 574 575 576 577 578 579 580 581 582 583 584 585 586 587 588 589 590 591 592 593 594 595 596 597 598 599 600 601 602 603 604 605 606 607 608 609 610 611 612 613 614 615 616 617 618 619 620 621 622 623 624 625 626 627 628 629 630 631 632 633 634 635 636 637 638 639 640 641 642 643 644 645 646 647 648 649 650 651 652 653 654 655 656 657 658 659 660 661 662 663 664 665 666 667 668 669 670 671 672 673 674 675 676 677 678 679 680 681 682 683 684 685 686 687 688 689 690 691 692 693 694 695 696 697 698 699 700 701 702 703 704 705 706 707 708 709 710 711 712 713 714 715 716 717 718 719 720 721 722 723 724 725 726 727 728 729 730 731 732 733 734 735 736 737 738 739 740 741 742 743 744 745 746 747 748 749 750 751 752 753 754 755 756 757 758 759 760 761 762 763 764 765 766 767 768 769 770 771 772 773 774 775 776 777 778 779 780 781 782 783 784 785 786 787 788 789 790 791 792 793 794 795 796 797 798 799 800 801 802 803 804 805 806 807 808 809 810 811 812 813 814 815 816 817 818 819 820 821 822 823 824 825 826
--

FOR THE PRESIDENT ONLY

ARAB STATES - ISRAEL

The reinforced Israeli task force on the west bank of the canal made large gains yesterday before it met stiffening resistance late in the day. Both sides describe the fighting as intense, and Egypt pulled back some forces from the east bank in an effort to counter the attacks. The Israelis claim they have destroyed ten SAM sites on the west bank.

The Israeli force on the west bank now consists of over 300 tanks, as well as mechanized infantry and paratrooper units. It launched attacks in three directions yesterday. One column moved north toward Ismailia, a second pushed to the southwest edge of the Great Bitter Lake, and the third column attacked southwest toward the Cairo-Suez highway and railroad in an attempt to block the movement of Egyptian supplies to the front. By late evening, however, an Israeli military spokesman said the drives south toward Suez City and southwest were both stalled.

Fighting was also heavy yesterday on the Syrian front. The Jordanian brigade and Iraqi units apparently made some gains along the southern edge of the Israeli salient, but the Israelis are believed to have won some territory at the center of the salient.



25X1

The Soviet airlift reached a new high yesterday, both in terms of numbers of flights and the tonnage delivered.



25X1

25X1

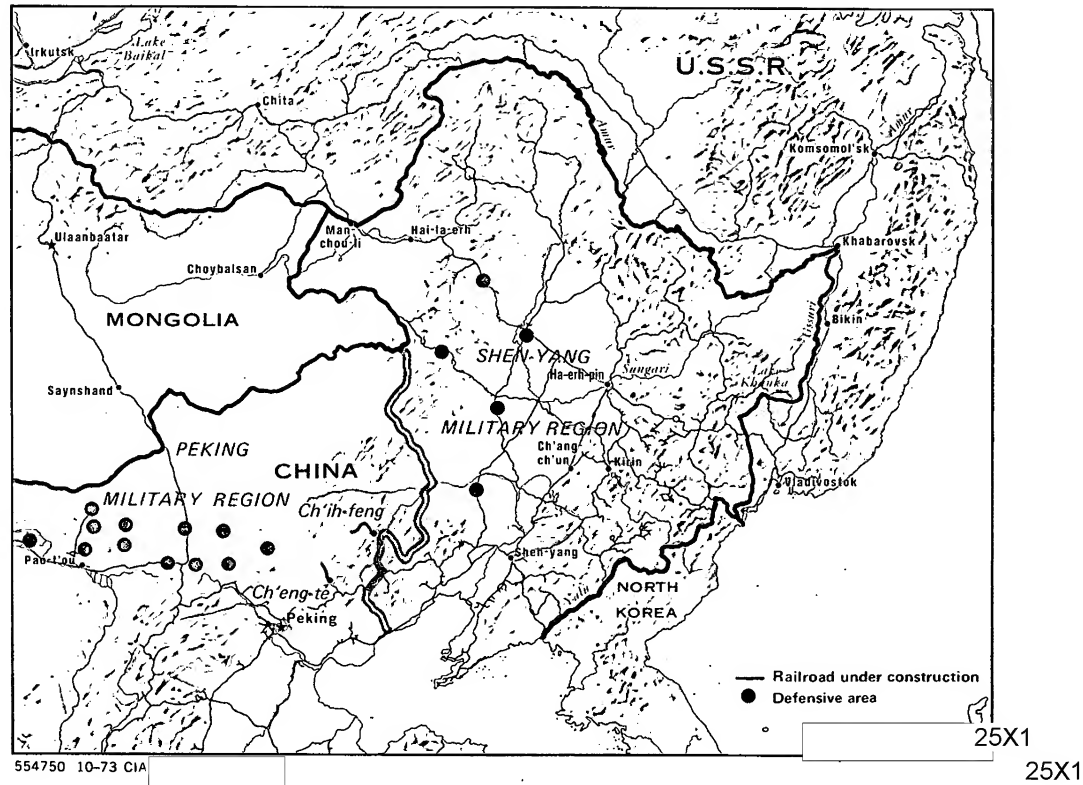
Six Soviet ships, including two combatants--guided missile destroyers--passed through the Bosphorus yesterday. This brings the total number of Soviet surface combatants in the Mediterranean to 29.

* * *



25X1

New Rail Construction in China



FOR THE PRESIDENT ONLY

CHINA

A new rail line now under construction northeast of Peking will increase Chinese ability to respond to military threats from the Soviet Union.

[redacted] about 30 miles of new rail line construction extending northwest from the city of Cheng-te. Some 30 miles of preliminary work also appear from Chih-feng toward the west. The two cities apparently will be linked.

25X1

The new rail line will provide some local economic benefits, but the pace and location of the construction suggest that its primary function will be rapid deployment of troops to the southern portion of the Shen-yang military region. Since May, elements of three of China's 15 railway engineer divisions have been moved from other areas of China to work on the line.

During the past two years the Chinese have been building defensive positions along the major road and rail lines from the Soviet and Mongolian borders. None has been observed, however, in the Chih-feng area where several roads from the north converge and offer access to Peking. A breakthrough at Chih-feng by Soviet forces could isolate Chinese forces stationed in the Shen-yang region.

Elements of China's 24th Army moved south of Cheng-te in late 1971. The new rail line will permit deployment of these and other Chinese forces in the Peking military region against such a threat.

FOR THE PRESIDENT ONLY

CAMBODIA

South Vietnam has agreed to supply 5,000 tons of rice to Cambodia, beginning with 1,800 tons today and a similar amount on Monday. These two deliveries amount to about one week's supply. Phnom Penh had been down to about six or seven days.

The US Embassy reports that firm contracts for additional rice deliveries now amount to 33,900 tons: Thailand (12,500 tons); South Korea (20,000 tons); and South Vietnam (1,400 tons). Regular delivery of the Thai rice is planned to begin next week, and South Korean shipments are tentatively scheduled to commence on November 2. These contracts represent some two months' supply at current consumption rates.

Phnom Penh now seems assured of basic rice supplies until US PL-480 deliveries begin in December--provided there are no hitches in shipping plans. Negotiations for 5,000 tons from Japan and a second allotment of 12,500 tons from Thailand have not yet been finally worked out. If these are also forthcoming, Cambodia may even be able to build up a small reserve cushion.

FOR THE PRESIDENT ONLY

UN-CAMBODIA

Prince Sihanouk's prospects are improving in the UN. The most recent estimates show that the nonaligned states and China will have sufficient votes to seat Sihanouk's delegation, provided Soviet support continues.

A working group of the Asian states supporting the Lon Nol government (Thailand, Philippines, Singapore, Indonesia, Japan, and New Zealand) believes that the pro-Sihanouk resolution now has a 15-vote margin of victory. The group is considering a move to have the Cambodian issue declared an "important question," which would require Sihanouk's supporters to muster a two-thirds vote to seat his delegation. It is unlikely, however, that the General Assembly president will so rule.

General Assembly debate on seating the Sihanouk delegation has not yet been scheduled, but the working group hopes to delay it until late in the session in order to allow maximum opportunities for lobbying.

FOR THE PRESIDENT ONLY

CHILE

The military junta apparently has settled on its plans for economic recovery and the restoration of foreign investor confidence.

The program is designed to promote a market economy, decentralize public enterprises, and reduce the government's role in the economy. It will not be generally popular, and the effects will be felt by all economic sectors. The US Embassy reports that civilian advisers to the military regime are optimistic that economic dislocations can be overcome but admit that it will take some years before meaningful results will be apparent to the general public. Meanwhile, the inflationary trend will continue, and this year's rate could go as high as 600 percent.

In an effort to stimulate agricultural recovery, the government has decreed massive price increases on many basic commodities. In order to reduce the impact on lower income groups, it has decided on new wage policies that will mainly benefit these groups. The rationale for maintaining the incomes of the poor is, in part, to gain support among those who have been the main source of leftist strength.

In an effort to renew investor confidence, Economy Minister Fernando Leniz has announced that the junta plans to return to private ownership as many as 200 small firms illegally seized by the Allende government. Leniz stated, however, that the returns would be accompanied by agreements reserving some rights to the state in order to safeguard "general interests."

FOR THE PRESIDENT ONLY

LATIN AMERICA - US

Colombian Foreign Minister Vasquez has invited his Latin American counterparts, excluding Cuba's Raul Roa, to meet in Bogota on November 14-16 to exchange views on relations with the US. The immediate purpose of the meeting, as Vasquez sees it, is to formulate an agenda for talks with Secretary Kissinger early next year. Vasquez also hopes that the meeting will lead eventually to the development of a purely Latin American consultative mechanism outside of the OAS.

A number of foreign ministers have already indicated they will attend, and the meeting seems certain to take place. The delegates will face a monumental task in putting aside their own national interests and agreeing upon a common approach to Latin American problems.

FOR THE PRESIDENT ONLY

NOTES

Japan: The trade surplus is continuing to shrink. In September, imports were about 60 percent higher than last September, but exports were up only about 25 percent. Japan's trade surplus with the US is declining at a particularly rapid rate. So far this year, imports from the US have grown by almost 60 percent, while exports have increased by only 7 percent. The trade surplus with the US for the first three quarters of 1973 has been reduced to less than half of that of the same period last year.

China-US: Three US equipment firms have been invited to China for follow-up discussions about sales of oil recovery technology and drill bits. Several other US oil firms have been invited to attend the Canton Fair. Peking's purchases of oilfield equipment in the past have been restricted largely to Romania and Japan. Recent currency revaluations, however, have made US goods more competitive.

USSR - West Germany: Three West German utilities have signed uranium enrichment service contracts--valued at \$44 million--with the Soviet Union.

25X1

Top Secret